

**ANNUAL REPORT  
OF THE  
LOCAL GOVERNMENT  
GOVERNMENT EFFICIENCY AND  
FINANCING STUDY COMMISSION**



**Indiana Legislative Services Agency  
200 W. Washington St., Suite 301  
Indianapolis, Indiana 46204-2789**

**November, 2004**

# INDIANA LEGISLATIVE COUNCIL

## 2004

Speaker B. Patrick Bauer

Chairman

South Bend

Senator Robert Garton

Vice-Chairman

Columbus

Representative Brian Bosma

Indianapolis

Senator Richard Young

Milltown

Representative Russell Stilwell

Boonville

Senator Becky Skillman

Bedford

Representative Dale Grubb

Covington

Senator Joseph Harrison

Attica

Representative Charlie Brown

Gary

Senator Patricia Miller

Indianapolis

Representative Scott Pelath

Michigan City

Senator Thomas Wyss

Fort Wayne

Representative Kathy Richardson

Noblesville

Senator James Lewis

Charlestown

Representative Richard Mangus

Lakeville

Senator Earline Rogers

Gary

Philip J. Sachtleben  
Executive Director  
Legislative Services Agency

**Local Government Efficiency and Financing Study Commission**  
**Membership Roster**

**Senators**

Marvin Riegsecker, Chairperson  
Goshen

David Long  
Fort Wayne

Timothy Lanane  
Anderson

Frank Mrvan  
Hammond

Stephen J. Luecke  
South Bend

Debbie Lewis  
Terre Haute

Ron Spencer  
Milltown

Sam Talarico, Jr.  
Fort Wayne

Paul Ricketts  
Indianapolis

Mark Becker  
Fort Wayne

Linda M. Buzinee  
Hobart

Matthew Taylor  
Evansville

**Representatives**

Robert Kuzman, Vice-Chairperson  
Crown Point

Dennis Avery  
Evansville

Robert Alderman  
Fort Wayne

Thomas Saunders  
Lewisville

Mark Anthony Catanzarite  
South Bend

Mike Benham  
English

Phil Stiver  
Goshen

Jean P. Lushin  
Kokomo

John Brown  
Columbus

James L. Moore  
Fort Wayne

Chief Kris Wolski  
Richmond

**Lay Members**

**Staff**

Edward Gohmann  
Attorney for the Commission

Valerie Ruda  
Fiscal Analyst for the Commission

A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Commission can be accessed from the General Assembly Homepage at <http://www.state.in.us/legislative/>.

## **I. STATUTORY AND LEGISLATIVE COUNCIL DIRECTIVES**

The Local Government Efficiency and Financing Study Commission was established by P.L.64-2004. In that legislation, the Indiana General Assembly directed the Commission to study the following issues:

- (1) Local government financing, structure, and methods of providing necessary services to the public to determine the most appropriate and efficient means of providing services.
- (2) Merger and consolidation of municipal corporations and the sharing of services among municipal corporations to improve the efficiency of local government.
- (3) Creation of local charter governments and the restructuring of municipal corporations, including a review of Senate Bill 225-2004, which proposed allowing local governments to establish charter governments.
- (4) The efforts of Fort Wayne and Allen County to restructure municipal and county government.
- (5) The ongoing study conducted by Vanderburgh County concerning the restructuring of local government.
- (6) The efforts of other states to consolidate local government.
- (7) Any other issue as determined by the Commission.

During the 2004 interim, the Legislative Council assigned to the Commission the task of studying township government.

The Commission consists of twenty-three members: four Senators, four Representatives, and fifteen lay members. The authority of the Commission under P.L.64-2004 expires December 1, 2005.

## **II. INTRODUCTION AND REASONS FOR STUDY**

### **A. Restructuring or Consolidation of Local Government**

Under current law, only Indianapolis and Marion County have a consolidated city-county government. However, citizens in a number of other Indiana communities, including Evansville-Vanderburgh County and Fort Wayne-Allen County, have been studying the issue of local government consolidation.

The Indiana General Assembly has also begun reviewing issues related to the structure of local government. Senate Bill 225-2004, concerning "charter" government, was introduced (but not enacted) during the 2004 session of the Indiana General Assembly. That bill would have provided an optional method for the reorganization of local government in certain counties.

In 2004, the Indiana Project for Efficient Local Government issued a report concerning local government efficiency and consolidation. This report, along with the "Indianapolis Works" proposal issued by Mayor Peterson of Indianapolis, increased the discussion on topics related to the structure of local government.

Finally, there is always a need to examine the manner in which necessary government services are financed and provided, to ensure that these services can be provided in the most cost-efficient manner.

#### B. Township Issues

A number of proposals have been offered concerning the transfer of some or all of the duties of township government to municipal or county government. House Bill 1155, which was introduced but not enacted in the 2004 session of the Indiana General Assembly, proposed the elimination of township government.

### **III. SUMMARY OF WORK PROGRAM**

The Commission held four meetings during the interim following the conclusion of the 2004 session of the General Assembly. All four meetings were held at the State House in Indianapolis.

The first meeting of the Commission was held on July 20, 2004. This meeting included an introduction and brief discussion of the issues that the Commission planned to study during the 2004 interim. The Commission heard testimony on the issue of local government consolidation, including consolidation discussions that have been ongoing in Vanderburgh County and Allen County. The Commission also heard testimony from representatives of county, municipal, and township governments.

The second meeting of the Commission was held on August 24, 2004. At this meeting, the Commission heard testimony regarding the consolidation of local government. This included testimony from a number of witnesses regarding the "Indianapolis Works" proposal concerning Indianapolis-Marion County government. The Commission also heard testimony regarding issues related to emergency 911 centers and the duplication of services provided by those centers.

The third meeting of the Commission was held on October 8, 2004. At this meeting, the Commission heard additional testimony on consolidation of local government. Two

witnesses testified regarding their experiences in the consolidation of the city-county governments of Lexington, Kentucky, and Louisville, Kentucky. The Commission also heard testimony from a Commission member with experience as a township trustee-assessor, and the Commission members discussed township assessor and trustee issues. The Commission also discussed proposals concerning amendments to the Indiana Constitution that would allow the General Assembly to abolish any of the county offices required by the Constitution or to provide that any of these offices shall be appointed rather than elected.

The fourth and final meeting of the Commission for the 2004 interim was held on October 20, 2004. The Commission heard testimony concerning the methodology used in the 1999 COMPETE study, including testimony that the report did not meet professional standards. Other witnesses disputed the contention that the report's methodology was flawed. At this meeting the Commission also received testimony regarding township assessor issues and trustee-assessor issues, including testimony concerning the training requirements for assessing officials. The Commission also heard testimony from representatives of local government who questioned the concept of amending the Indiana Constitution to provide authority to the General Assembly to eliminate the existing county offices required by the Constitution.

#### **IV. SUMMARY OF TESTIMONY**

##### **Local Government Reorganization and Consolidation Generally**

The Commission heard testimony from a variety of witnesses on the issue of local government consolidation. A number of witnesses testified that, given the demographic, economic, and social change that has occurred in Indiana, citizens and government officials should consider whether government structures that have not changed in many years are still adequate.

Witnesses also made the following points concerning local government structure and reorganization:

- (1) Much change has occurred since the structure of government in Indiana was established. Commission members must be willing to question the status quo.
- (2) No one specific solution for making local government more efficient will "fit" all ninety-two Indiana counties.
- (3) In considering reorganization, it is important to develop benchmarks available to measure the efficiency (and not just the cost) of delivering government services.

(4) Discussions about reform are most effective in the context of goals for Indiana and its communities.

(5) Discussions about reform often focus on cost savings. Reform efforts focused solely on cost savings are likely to be disappointing for several reasons: (a) without an understanding of desired outcomes, discussions about cost lack the context needed to judge whether government is devoting too many or too few resources; (b) Indiana already has low-cost government; our state and local governments spend less per capita than forty-eight other states; (c) it is easy to overestimate possible savings; and (d) consolidation is not a "magic bullet," and experience has shown that competition among local governments can be healthy.

(6) The question of how "efficient government" should be defined can be answered by determining: (a) whether government is providing necessary services; (b) whether these services are provided at a price citizens are willing to pay; and (c) whether citizens have the most direct access possible to service providers and decision-makers.

(7) In many cases efficiencies could be gained by using the existing interlocal cooperation laws. Witnesses mentioned the possibility of savings from the use of multi-county jails, joint purchasing, and multi-jurisdiction emergency 911 centers that could be implemented under current law. It is important to develop incentives and policies that encourage the use of existing mechanisms that would allow greater efficiencies and cost savings.

The Commission also heard from two witnesses who testified regarding their experiences in the consolidation of the city-county governments of Lexington, Kentucky, and Louisville, Kentucky.

### The "COMPETE" Report

The Commission heard testimony concerning the 1997 study done by the COMPETE project (the "Coalition on Monitoring Public Efficiency and Tax Expenditures") and the 2004 update to the COMPETE report by the Indiana Project for Efficient Local Government.

Witnesses explained that the original 1997 report began by studying the issue of how local government would be structured if it were established today. In 2003, information was gathered on the potential cost savings from increases in efficiency that would result from implementing the COMPETE recommendations. Witnesses supporting the report's findings testified that the goal of the 2004 update to the report is to generate discussion on the issues, and that no one is questioning the effort of local government, only the structure.

The original report included thirty-two recommendations, which were based on five principles of how local government should be organized:

- (1) local government structure should reflect clear lines of accountability;
- (2) units of government must cooperate with one another;
- (3) fiscal responsibility should be encouraged;
- (4) officers should have the necessary training and qualifications; and
- (5) those who benefit from services should pay for those services.

The 2004 update to the report estimated a total of \$64 million to \$122 million in annual savings if the recommendation in the report were adopted. The Commission also heard testimony regarding the COMPETE report's finding that for every \$1 in poor relief assistance, 90 cents was appropriated for administrative costs. The report recommends that poor relief funding and services should be shifted from townships to the county. The Commission heard debate regarding the accuracy of the projected savings that would result from this shifting of responsibilities to the county. The proponents of the report suggested that the savings would be approximately \$26 million. Other witnesses questioned the assumptions used in the report to derive the estimated savings.

The Commission also discussed the COMPETE report's recommendation to remove the assessing function from townships and centralize that function under the county assessor.

The Commission heard testimony at its fourth meeting from Dr. Maureen Pirog of Indiana University concerning the methodology used in the 1999 COMPETE study. According to Dr. Pirog, the COMPETE study contains a number of methodological problems that undermine the reliability of the cost and savings estimates in the report. She criticized the COMPETE report as generally failing to meet professional standards, and she highlighted a number of issues related to the report (inadequate sample size; using financial figures based on appropriations, not actual expenses; failing to describe sources of information; and unrealistic assumptions). Proponents of the report disputed the contention that the report's methodology was flawed, and they suggested that the report had fulfilled its purpose by generating dialogue about the potential savings that might be realized if some of the recommendations of the report were implemented.

#### The "Indianapolis Works" Proposal

Mayor Bart Peterson of Indianapolis testified before the Commission regarding the "Indianapolis Works" proposal concerning Indianapolis-Marion County government.



Mayor Peterson testified that those parts of local government that were actually consolidated as part of Marion County "Unigov" are functioning well, but that many of the functions that were not consolidated are in crisis. He described the alternatives as being: (a) saving costs through governmental restructuring; or (b) raising taxes or lowering the level of government services.

The mayor described five elements of the proposal:

- (1) The Indianapolis Police Department and the Marion County Sheriff's Department should be merged into a single new metropolitan police force.
- (2) The nine township fire departments in Marion County should be merged into the Indianapolis Fire Department.
- (3) The township trustee positions in Marion County should be eliminated, and two district trustees would administer poor relief. One district would be within the old city limits of Indianapolis, and the other district would be the remaining portion of Marion County. Poor relief assistance would still be administered at locations throughout the county.
- (4) The township assessors positions in Marion County should be eliminated, and the assessment functions should be moved to the county assessor.
- (5) All budgets in city and county government that are reviewed by the City-County Council should be subject to approval or veto by the mayor.

The Commission heard testimony from a township assessor in Marion County stating that many of the proponents of consolidation of local government in Indiana do not understand the duties performed by township assessors. This witness questioned how someone could propose eliminating the township assessors' offices without knowing how the offices function. She briefly described the numerous duties of the township assessors in Marion County, and testified that the Marion County Assessor handles inheritance tax, ratio studies and assessment appeals.

She also described her office, noting that eight of the twelve staff persons have professional designations as assessors/appraisers, and stated that when a taxpayer has a problem, the assessor's office is often the taxpayer's first choice for assistance. She also noted that the township assessors act as liaisons between the taxpayers, the county treasurer, the county auditor, and the city-county government.

Witnesses also disputed the contention that there is duplication of service between the township assessors and the county assessor.

The Commission also heard the following testimony regarding Marion County's township assessors:

(1) Based on an estimate from Cole Layer Trumble, one of the leading mass appraisal firms in the nation, the 2002 reassessment for Marion County could have cost as much as \$80 to \$100 per parcel. The "in house" reassessment performed by the Marion County township assessors saved Marion County taxpayers approximately \$8 million to \$10 million.

(2) The test of the efficiency of township assessors is their per-parcel assessing cost as compared to those of other jurisdictions. Marion County's cost of \$21.95 per parcel is below the average for certain comparable jurisdictions.

(3) Reviewing cost ratio studies and the percentage of properties for which an appeal is made also shows that Marion County's township assessors are doing a good job.

During its discussion of the Indianapolis Works proposal, the Commission also heard testimony from a township trustee in Marion County regarding the potential effects of consolidating township fire departments into the Indianapolis Fire Department. He testified that the township trustees had a plan that would save money, rather than lead to increased taxes. Under this proposal, the townships could provide fire services on a contractual basis to areas of the Indianapolis fire service district. The witness testified that he believes the townships could provide these services at a lower cost.

#### Other Testimony Concerning Townships

The Commission also heard the following testimony regarding township government:

- (1) township government consumes approximately 2% of property taxes;
- (2) although some may argue that consolidation will lead to greater efficiency, one problem that may result is lack of access to decision-makers;
- (3) before restructuring local government, it is necessary to determine what local government should do;
- (4) local government is most efficient when citizens have direct access to it;
- (5) the General Assembly should remain the final arbiter of local government structure;
- (6) in some rural areas, the township trustee may be the most efficient method of local government, but not all townships (urban and rural) can be grouped together when examining the issues; and
- (7) a "Level 2" certification for assessing officials is not needed in rural areas where

the property is primarily agricultural.

#### Fort Wayne-Allen County Consolidation Issues

Senator Long reported to the Commission concerning government reorganization efforts in Allen County and Fort Wayne. He explained that in the 2004 session of the General Assembly he had authored Senate Bill 225, which would have authorized charter government. Senate Bill 225 would have also authorized a commission to develop a plan for reorganization of local government in Allen County, including a consolidation of governments in the county. Under the bill, if the reorganization commission decided to proceed with a government reorganization, a local referendum on the reorganization would have been submitted to all voters in the county.

Senator Long stated that when the idea of consolidation in Allen County was considered in the 1990s, the economy was strong and there was less incentive to change the status quo. The idea is being considered again, as county and municipal governments face fiscal challenges. Senator Long also noted the large (and growing) percentage of county residents who live in Fort Wayne.

Senator Long stated that when Senate Bill 225 was considered in the last session, small communities in Allen County may have felt threatened or may have believed that they did not have sufficient input in the process of developing the proposal. He said that if a consensus can be reached, he hopes to bring a legislative proposal to the General Assembly in 2006.

#### Vanderburgh County Consolidation Issues

Witnesses testified before the Commission concerning discussions in Vanderburgh County regarding local government consolidation. A member of the Evansville City Council explained that in 2002 the City Council commissioned a study to look at issues related to government consolidation in Vanderburgh County. He testified that the Council's goal was to study the issue in a nonpartisan manner.

The chairman of the Vanderburgh County study committee described to the Commission the mission statement of the study committee. The Commission also heard testimony regarding the structure of the study committee and the meetings held by the study committee.

### **V. COMMITTEE FINDINGS AND RECOMMENDATIONS**

The Commission did not adopt any specific findings or recommendations during the 2004 interim.

## WITNESS LIST

### **July 20, 2004**

Jamie Palmer, Associate Director, Indiana Advisory Commission on Intergovernmental Relations.  
Mark Lawrance, Indiana State Chamber of Commerce  
Cris Johnston, Crowe Chizek  
Phil Fisher  
Joe Kiefer  
John Dunn  
Hon. Ted Ellis  
Steve Buschmann, Indiana Township Association  
Chris Beeson, Wayne Co. Auditor, Vice President, Association of Indiana Counties  
Bob Kraft, Indiana Farm Bureau

### **August 24, 2004**

Hon. Bart Peterson, Mayor of Indianapolis  
Barbara Lawrence, Indianapolis City Controller  
Scott Chinn, Corporation Counsel, City of Indianapolis  
Tom Marendt, Warren Township Trustee  
Becky Williams, Franklin Township Assessor  
Bill Birkle, International Association for Assessing Officers  
Tom Hanify, President, Professional Firefighters Union of Indiana  
John Krauss, Center for Urban Policy and the Environment; Associate Director, Indiana Advisory Commission on Intergovernmental Relations  
Dr. Alfred Ho, Center for Urban Policy and the Environment  
Ms. Sheila Malone, Director, Elkhart County Public Safety Communications Center  
Captain Harold Williams, Jasper Co. Sheriffs Department; Indiana Chapter, National Emergency Number Association  
John Okeson, Attorney, Indiana Wireless Enhanced 911 Advisory Board

### **October 8, 2004**

Joan Riehm, Deputy Mayor, Louisville Metro Government  
Ken Kerns, Vice President, Community Ventures Corporation (Lexington, Kentucky)  
Ron Spencer, Whiskey Run Township Trustee-Assessor

### **October 20, 2004**

Paul Ricketts, Lawrence Township (Marion Co.) Assessor  
Linda Williams, Adams Township (Hamilton Co.) Trustee  
Dr. Maureen Pirog, Indiana University  
Mark Lawrance, Indiana State Chamber of Commerce  
Cris Johnston, CroweChizek  
Connie Pribble, Wayne Country Assessor  
Rita Steele, Jasper County Auditor

Don Schoeff, Huntington County Auditor